

HOUSING AUTHORITY OF THE
CITY OF LAKE CHARLES
Lake Charles, Louisiana
Financial Statements
And Supplementary Information
For the Year Ended September 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/13/11

William V. Trimm, CPA
1901 Sampson Street
Westlake, La. 70669

**HOUSING AUTHORITY OF THE CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA**

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Independent Auditor's Report

Board of Commissioners
Housing Authority of The City
of Lake Charles
Lake Charles, Louisiana 70601

Regional Inspector General for Audit
Department of Housing and Urban
Development
221 W. Lancaster Street, P.O. Box 2905
Fort Worth, Texas 76113

I have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of The City of Lake Charles as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Housing Authority of The City of Lake Charles. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of The City of Lake Charles as of September 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 11, 2011 on my consideration of the Housing Authority of The City of Lake Charles' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 5-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying information identified in the table of contents as supplemental information including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Financial Data Schedule required by the U.S. Department of Housing and Urban Development, and the Statement & Certification of Actual Modernization Cost, are not a required part of the basic financial statements of the Housing Authority of The City of Lake Charles. These statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

William V. Trimm, CPA

Lake Charles, Louisiana
March 11, 2011

Housing Authority of the City of Lake Charles, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2010

(Unaudited)

We the management of the Housing Authority of The City of Lake Charles present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ending September 30, 2010. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities at September 30, 2010 by \$37,647,952.
- Of this amount, \$17,688,376 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors.
- The remainder of \$19,959,576 represents the net amount invested in land, building, furnishings, leasehold improvements, and equipment of \$16,382,448, and restricted cash and investments of \$3,577,128.
- The Housing Authority's total net assets decreased by \$ 440,877, a 1.16% decrease from fiscal year 2009.
- The Housing Authority continued to operate without the need for debt borrowing during the current fiscal year.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components. 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The balance sheet presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

Housing Authority of The City of Lake Charles, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2010

(Unaudited)

The statement of revenue, expenses and changes in fund net assets presents information detailing how the Housing Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., depreciation and earned but unused vacation leave.).

The statement of cash flows provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U. S. Department of Housing and Urban Development (HUD) and dwelling rentals.

MAJOR PROGRAMS

The Housing Authority has many programs that are consolidated into a single enterprise fund. The major programs consist of the following:

Low Income Public Housing - Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income families. The Conventional Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an Operating Subsidy to enable the Housing Authority to provide housing at a rent that is based upon 30% of adjusted gross household income. This program is aggregated in the general fund.

Capital Fund Program - The Conventional Public Housing Program also includes the Capital Fund Program, the primary funding source for the Housing Authority's physical and management improvements. The formula funding methodology is based on size and age of the Housing Authority's units. This program is aggregated in the general fund.

Section 8 Housing Assistance – Housing Choice Vouchers, Shelter Plus Care and Moderate Rehabilitation - These programs assist low-income families in affording decent safe and sanitary housing by encouraging property owners to construct new, or rehabilitate existing substandard housing, and then lease the units with rental subsidies to low-income families.

Disaster Voucher Program (DHAP) – The voucher funding provided by this program is used to assist families who were receiving housing assistance immediately prior to Hurricane Rita and were displaced from their housing by the hurricane. This program is aggregated in the Section 8 fund.

Management fund – The Management Fund accounts for the activities for which the Housing Authority collects management fees from various projects it manages and rental income from owned office/commercial space and disburses general business expenses associated with those activities.

FINANCIAL ANALYSIS

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Housing Authority of The City of Lake Charles, Louisiana

Managements Discussion and Analysis (MD&A)

September 30, 2010

(Unaudited)

The Housing Authority utilizes only one fund type, namely the enterprise fund type. An enterprise fund is a proprietary fund type. A proprietary fund utilizes the full accrual method of accounting in which all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The focus of the proprietary fund is on income measurement, which, together with the maintenance of equity, is an important financial indication. The financial statements can be found on pages 11 through 15 of this report.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 16 through 29 of this report.

Balance Sheet

The following table represents a condensed Balance Sheet as of September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Current Assets	\$ 19,063,076	\$ 21,115,834
Restricted Assets	2,157,283	1,542,202
Long-Term Assets	2,000,000	2,000,000
Fixed Assets	<u>16,382,448</u>	<u>15,067,517</u>
Total Assets	<u>\$ 39,602,807</u>	<u>\$ 39,725,553</u>
Current Liabilities	\$ 1,646,100	\$ 335,190
Current liabilities payable for restricted assets	139,570	1,137,137
Non-current Liabilities	<u>169,185</u>	<u>164,397</u>
Total Liabilities	<u>1,954,855</u>	<u>1,636,724</u>
Net Assets:		
Invested in capital assets	16,382,448	15,067,517
Restricted net assets	3,577,128	5,837,103
Unrestricted net assets	<u>17,688,376</u>	<u>17,184,209</u>
Total Net Assets	<u>37,647,952</u>	<u>38,088,829</u>
Total Liabilities and Net Assets	<u>\$ 39,602,807</u>	<u>\$ 39,725,553</u>

continued

Housing Authority of The City of Lake Charles, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2010

(Unaudited)

Balance Sheet (Continued)

As noted earlier, net assets may serve over time as a useful indicator of the improvement or deterioration of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by approximately \$37,647,952 at September 30, 2010 and \$38,088,829 at September 30, 2009.

By far the largest portion of the Housing Authority's net assets (38.5%) is its investments in capital assets (e.g., buildings, machinery, and equipment). The Housing Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Housing Authority are available for future use to provide program services.

Statement of Revenues, Expenses, Capital Contributions, and Changes in Fund Net Assets

The following table represents a condensed Statement of Revenues, Expenses, and Changes in Net Assets for the year ended September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Revenues		
Dwelling rental and other	\$ 2,013,306	\$ 2,966,425
Interest Earnings	123,765	167,489
Gain (Loss) on disposition of capital assets	368	732,062
Federal grant	<u>8,565,397</u>	<u>11,668,951</u>
Total Revenue	10,702,836	15,534,927
Expenses		
Administration	2,076,978	3,009,288
Tenant service	111,614	89,868
Utilities	414,406	497,698
Ordinary maintenance and operations	1,759,032	1,573,328
Protective services	148,683	161,510
General expenses	191,549	180,779
Insurance	842,956	838,968
Casualty Loss	1,560	(498)
Housing assistance payments	6,297,761	6,860,768
Depreciation	<u>1,536,726</u>	<u>1,482,033</u>
Total Expenses	<u>13,381,265</u>	<u>14,693,742</u>

continued

Housing Authority of The City of Lake Charles, Louisiana

Managements Discussion and Analysis (MD&A)

September 30, 2010

(Un-audited)

Statement of Revenues, Expenses, Capital Contributions, and Changes in Net Assets-Continued

	<u>2010</u>	<u>2009</u>
Net Income (Loss) before Capital Contributions and Transfers	(2,678,429)	841,185
Capital Contributions and Transfers	<u>2,237,552</u>	<u>1,053,527</u>
Net increase (decrease) in net assets	<u>\$ (440,877)</u>	<u>\$ 1,894,712</u>

The net assets of the Housing Authority decreased by \$ 440,877 and increased by \$ 1,894,712 during the years ended September 30, 2010 and 2009 respectively. The Housing Authority's revenues are derived primarily from dwelling rental income and various HUD programs. The Housing Authority's revenues and Capital contributions were sufficient to cover all expenses incurred during the year (excluding depreciation expense).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2010, the Housing Authority's investment in capital assets for its business-type activities was approximately \$ 16,382,448 (net of accumulated depreciation) compared to \$ 15,067,517 as of September 30, 2009, an increase of \$ 1,314,931 or 8.70%.

	<u>2010</u>	<u>2009</u>
Land	\$ 1,085,038	\$ 875,529
Buildings and Improvements	46,576,836	44,158,279
Furniture, equipment and machinery	1,775,356	1,551,764
Accumulated Depreciation	<u>(33,054,782)</u>	<u>(31,518,055)</u>
Total	<u>\$ 16,382,448</u>	<u>\$ 15,067,517</u>

Major capital asset purchases during the year ended September 30, 2010 include dwelling structure improvements and development activity.

Additional information on the Housing Authority's capital assets can be found in Note 5 on page 25 of this report.

Debt

Non-current liabilities include accrued annual vacation and sick leave to employees. The Housing Authority has not incurred any mortgages, leases or bond indentures for financing capital assets or operations.

**Housing Authority of the City of Lake Charles, Louisiana
Management's Discussion and Analysis (MD&A)**

September 30, 2010

(Un-audited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. HUD has already approved the Budgets for 2010/2011.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Lake Charles, P.O. Box 1206, Lake Charles, LA 70602 or call (337) 439-4189.

Housing Authority of the City of Lake Charles
Lake Charles, Louisiana

ENTERPRISE FUNDS
Balance Sheet

September 30, 2010

	General	Section 8	Management	Totals Primary Government
ASSETS				
Current assets				
Cash	\$ 1,813,115	\$ 5,571,304	\$ 808,837	\$ 8,193,256
Investments	1,413,377	7,076,485	116,706	8,606,568
Interest receivable	8,289	-	142	8,431
Accounts receivable, net	216,799	19,891	554,369	791,059
Interfund receivable	-	989,127	9,246	998,373
Inventory	36,649	-	-	36,649
Prepaid items and other assets	377,596	23,699	27,445	428,740
Total current assets	3,865,825	13,680,506	1,516,745	19,063,076
Restricted assets				
Replacement cash reserve	-	-	295,498	295,498
Security deposits	139,570	-	-	139,570
Investments	-	1,698,943	-	1,698,943
Accrued interest receivable	-	23,272	-	23,272
Total restricted assets	139,570	1,722,215	295,498	2,157,283
Capital assets, net				
Land	940,563	-	144,475	1,085,038
Buildings and equipment, net	14,754,571	8,509	534,330	15,297,410
Total capital assets, net	15,695,134	8,509	678,805	16,382,448
Notes, Loans & Mtgs. Receivable	-	-	2,000,000	2,000,000
Total Notes, Loans & Mtgs. Receivable	-	-	2,000,000	2,000,000
Other assets	-	-	-	-
Total other assets	-	-	-	-
TOTAL ASSETS	\$ 19,700,529	\$ 15,411,230	\$ 4,491,048	\$ 39,602,807

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Lake Charles
Lake Charles, Louisiana

ENTERPRISE FUNDS
Balance Sheet

September 30, 2010

LIABILITIES AND NET ASSETS	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Totals Primary Government</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 175,873	\$ 8,554	\$ 1,607	\$ 186,034
Interfund payable	7,057	466,201	525,115	998,373
Deferred revenues	-	314,142	-	314,142
Other liabilities	122,592	-	6,160	128,752
Current portion of compensated absences	15,250	3,549	-	18,799
Total current liabilities	<u>320,772</u>	<u>792,446</u>	<u>532,882</u>	<u>1,646,100</u>
Current liabilities payable from current restricted assets				
Deposits due others	139,570	-	-	139,570
Noncurrent liabilities				
Compensated absences payable	137,243	31,942	-	169,185
Total liabilities	<u>597,585</u>	<u>824,388</u>	<u>532,882</u>	<u>1,954,855</u>
NET ASSETS				
Invested in capital assets, net of related debt	15,695,134	8,509	678,805	16,382,448
Restricted	-	3,577,128	-	3,577,128
Unrestricted	3,407,810	11,001,205	3,279,361	17,688,376
Net assets	<u>19,102,944</u>	<u>14,586,842</u>	<u>3,958,166</u>	<u>37,647,952</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,700,529</u>	<u>\$ 15,411,230</u>	<u>\$ 4,491,048</u>	<u>\$ 39,602,807</u>

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Lake Charles
Lake Charles, Louisiana

ENTERPRISE FUNDS
Statement of Revenues, Expenses, and Changes in Fund Net Assets

September 30, 2010

				Total Primary Government
OPERATING REVENUES	General	Section 8	Management	
Net Tenant Rental Revenue	\$ 1,648,236	\$ -	\$ 268,168	\$ 1,916,404
Other	26,193	6,677	64,032	96,902
Total operating revenues	<u>1,674,429</u>	<u>6,677</u>	<u>332,200</u>	<u>2,013,306</u>
OPERATING EXPENSES				
Administration	1,063,071	979,735	34,172	2,076,978
Tenant services	83,310	28,304	-	111,614
Utilities	384,278	23,650	6,478	414,406
Ordinary maintenance and operations	1,520,324	109,593	129,115	1,759,032
Insurance	748,269	42,052	52,635	842,956
Protective services	91,530	14,253	42,900	148,683
General expenses	162,619	8,452	20,478	191,549
Casualty Loss	1,560	-	-	1,560
Housing assistance payments	-	6,297,761	-	6,297,761
Depreciation	1,507,348	5,652	23,726	1,536,726
Total operating expenses	<u>5,562,309</u>	<u>7,509,452</u>	<u>309,504</u>	<u>13,381,265</u>
Income (loss) from operations	<u>(3,887,880)</u>	<u>(7,502,775)</u>	<u>22,696</u>	<u>(11,367,959)</u>
Nonoperating revenues (expenses)				
Interest earnings	37,249	85,350	1,166	123,765
Gain (loss) on disposition of capital assets	368	-	-	368
Federal grants	2,700,418	5,864,979	-	8,565,397
Total nonoperating revenues (expenses)	<u>2,738,035</u>	<u>5,950,329</u>	<u>1,166</u>	<u>8,689,530</u>
Net income (loss) before transfers and contributions	(1,149,845)	(1,552,446)	23,862	(2,678,429)
Transfers Between Programs and Projects	580,475	(580,475)	-	-
Capital contributions	2,237,552	-	-	2,237,552
Change in net assets	1,668,182	(2,132,921)	23,862	(440,877)
NET ASSETS AT BEGINNING OF YEAR	<u>17,434,762</u>	<u>16,719,763</u>	<u>3,934,304</u>	<u>38,088,829</u>
NET ASSETS AT END OF YEAR	<u>\$ 19,102,944</u>	<u>\$ 14,586,842</u>	<u>\$ 3,958,166</u>	<u>\$ 37,647,952</u>

The notes to the financial statements are an integral part of this statement

Housing Authority of The City of Lake Charles
ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended September 30, 2010

	General	Section 8	Management	Total Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES				
Rental receipts	\$ 1,648,236	\$ -	\$ 268,168	\$ 1,916,404
Payments to vendors	(3,061,102)	110,575	(347,585)	(3,298,112)
Payments to employees	(1,062,784)	(974,701)	(34,172)	(2,071,657)
Other receipts (payments)	26,193	(518,438)	589,147	96,902
Payments to private landlords	-	(6,297,761)	-	(6,297,761)
Net cash provided by (used in) operating activities	(2,449,457)	(7,680,325)	475,558	(9,654,224)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal Grants	3,445,730	4,264,942	-	7,710,672
Net cash provided by (used in) noncapital financing activities	3,445,730	4,264,942	-	7,710,672
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	2,237,552	-	-	2,237,552
Purchase of capital assets	(2,851,657)	-	-	(2,851,657)
Proceeds from sales of capital assets	367	-	-	367
Net cash provided by (used in) capital and related financing activities	(613,738)	-	-	(613,738)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	-	-	-	-
Purchase of investments	-	(1,518,768)	-	(1,518,768)
Interest and dividends received	28,960	58,732	1,024	88,716
Net cash provided by (used in) investing activities	28,960	858,433	1,024	888,417
Net increase (decrease) in cash and cash equivalents	411,495	(2,556,950)	476,582	(1,668,873)
Cash and cash equivalents at beginning of year	1,541,190	8,128,254	627,753	10,297,197
Cash and cash equivalents at end of year	\$ 1,952,685	\$ 5,571,304	\$ 1,104,335	\$ 8,628,324

The notes to the financial statement are an integral part of this statement

Housing Authority of The City of Lake Charles
ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended September 30, 2010

	<u>General</u>	<u>Section 8</u>	<u>Management</u>	<u>Total Primary Government</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (3,887,880)	\$ (7,502,775)	\$ 22,696	\$ (11,367,959)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,507,348	5,652	23,726	1,536,726
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(138,017)	(7,912)	(60,184)	(206,113)
(Increase) decrease in interfund receivables	9,271	(953,935)	11,400	(933,264)
(Increase) decrease in inventory	(18,328)	-	-	(18,326)
(Increase) decrease in prepaid items	(5,462)	(4,450)	(2,541)	(12,453)
(Increase) decrease in accounts payable	88,980	14,952	7,767	111,699
Increase (decrease) in other liabilities	8,633	314,142	(25,894)	296,881
Increase (decrease) in interfund payables	(14,291)	448,967	498,588	933,264
Increase (decrease) in compensated absences	287	5,034	-	5,321
Net cash provided by (used in) operating activities	<u>\$ (2,449,457)</u>	<u>\$ (7,680,325)</u>	<u>\$ 475,558</u>	<u>\$ (9,654,224)</u>
Reconciliation of cash and cash equivalents at end of year to Balance Sheet presentation:				
Cash	\$ 1,813,115	\$ 5,571,304	\$ 808,837	\$ 8,193,256
Replacement cash reserve	-	-	295,498	295,498
Security deposits	139,570	-	-	139,570
Cash and cash equivalents at end of year	<u>\$ 1,952,685</u>	<u>\$ 5,571,304</u>	<u>\$ 1,104,335</u>	<u>\$ 8,628,324</u>

The notes to the financial statements are an integral part of this statement

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

Note 1 - Organization and Summary of Significant Accounting Policies

The Housing Authority of The City of Lake Charles (the Authority) was incorporated April 25, 1940 under the authority of the Constitution and statutes (LSA:R.S. 40:381) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations in Lake Charles, Louisiana.

A. Financial Reporting Entity

GASB Statement 14, *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The Authority is a related organization of the City of Lake Charles since the Honorable Mayor of the City of Lake Charles appoints the Authority's governing board. The Authority's governing board is composed of five members appointed for staggered five-year terms. The City of Lake Charles is not financially accountable for the Authority as it is not able to impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the City of Lake Charles. Accordingly, the Authority is not a component unit of the financial reporting entity of the City of Lake Charles or any other governmental unit.

In determining how to define the reporting entity, management has considered all potential component units. Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Authority for financial reporting purposes. The criterion include manifestation of oversight responsibility; including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable.

Based on the previous criteria, the Authority has determined that there are no component units that should be considered as part of the Authority's reporting entity.

continued

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

**Note 1 - Organization and Summary of Significant Accounting Policies
(Continued)**

A. Financial Reporting Entity (Continued)

Programs within the general and section 8 funds operated by the Authority receive federal financial assistance from the U.S. Department of Housing and Urban Development (HUD), and are subject to applicable laws and regulations. The operations of each fund are accounted for through a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Federal contributions are received and accounted for in the individual programs based upon the purposes for which they are to be spent. The Authority is not subject to income taxes.

A brief description of the various programs is as follows:

- Housing Authority Owned Rental Housing (FW-1132) - Approximately 833 units of low-income public housing is owned by the Housing Authority of The City of Lake Charles. Low Income is defined by published entry in the Federal Register per Standard Metropolitan Statistical Areas (SMSA). Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing.
- Section 8 Public Owned Rental Housing - Section 8 Public Housing is a program designed to allow private homeowners to lease their houses to low-income families. The rents are set by the Federal Government and published in the Federal Register and cannot be increased without HUD approval. Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing. The Housing Authority of The City of Lake Charles makes up the difference between the tenants portion of the rent and the Fair Market Rent as subsidy to the homeowner. Section 8 has evolved into two programs:

Housing Choice Vouchers (FW-2228V) – 1,617 units
Moderate Rehab (FW-2074) – 72 units

continued

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

**Note 1 - Organization and Summary of Significant Accounting Policies
(Continued)**

A. Financial Reporting Entity (Continued)

- **PHA Owned Rental Housing** - PHA Owned Housing consists of approximately 119 units, which the Housing Authority of The City of Lake Charles has acquired through the Federal Home Loan Bank Affordable Housing Program. The basic Section 8 rules apply. The qualifications are the same income limits published in the Federal Register for Low Income Public Housing tenants. Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing.
- **Shelter Plus Care Housing** - This program provides for housing for homeless individuals and families with special disabilities. The basic Section 8 rules apply.
- **PHA Owned Rental Housing and Other Properties** - This program consists of PHA owned housing units and other properties acquired through management fees and earnings. Fair rental values are established and charged for the housing units but low-income guidelines do not apply.

B. Funds

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Authority are classified as proprietary. The general fund accounts for transactions of the public housing low rent program and the capital fund program. The Section 8 fund accounts for transactions of the housing choice voucher program, the moderate rehab program, and the shelter plus care housing program. The management program accounts for owned housing and other properties and management fees received for which the Authority is the managing agent.

continued

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

**Note 1 - Organization and Summary of Significant Accounting Policies
(Continued)**

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Authority has elected, pursuant to Governmental Accounting Standards Board (GASB) Statement 20, to apply all GASB pronouncements and only FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

continued

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

**Note 1 - Organization and Summary of Significant Accounting Policies
(Continued)**

D. Budgets

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor legally required for financial statement presentation.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. The Authority considers all highly liquid financial instruments purchased with an original maturity of 90 days or less when purchased to be cash equivalents. The Authority had no cash equivalents at September 30, 2010.

F. Investments

Investments are limited by LSA-R.S. 33:2955 and the Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments included certificates of deposits totaling \$10,305,511, of which \$1,698,943 is classified as restricted. The investments are reflected at fair value except for the following, which are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The Authority reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, guaranteed investment contracts and mortgage-backed securities.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

continued

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

**Note 1 - Organization and Summary of Significant Accounting Policies
(Continued)**

G. Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Additionally, transactions occur between individual funds as a result of the use of a common paymaster for shared costs of the Authority. Cash settlements are made periodically. These receivables and payables are classified as inter-fund receivables/payables.

H. Inventory

All purchased inventory items are valued at cost using first-in, first-out method. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

I. Prepaid Items

Payments made to vendors that will benefit periods beyond the fiscal year end are recorded as prepaid items.

J. Restricted Assets

Certain assets are classified as restricted assets on the balance sheet because their use is restricted for modernization programs, security deposits held in trust, and for the replacement of property and other project expenditures approved by HUD.

K. Capital Assets

The Authority's purchased capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The Authority's policy is to capitalize significant items of equipment, major renovations, buildings, and real estate. The Authority capitalizes equipment and/or personal property with an initial cost of \$1,000 or more and an anticipated life or useful value of said equipment or property of more than one year. The capitalization threshold applies to all capital assets with the exception of ranges and refrigerators.

continued

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

**Note 1 - Organization and Summary of Significant Accounting Policies
(Continued)**

K. Capital Assets (continued)

Straight-line depreciation is calculated in accordance with PHA-GAAP guidelines as follows:

Original buildings	40 years
Site improvements	15-40 years
Furniture, equipment, and machinery	5-10 years
Vehicles	5-10 years
Computers	3 years

When capital assets are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

L. Deferred Revenues

The Authority reports deferred revenues on its balance sheet. Deferred revenues arise when the Authority receives resources before it has a legal claim to them. In subsequent periods, when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

M. Compensated Absences

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Annual and sick leave is earned by each full-time and each part-time associate who has a regular tour of duty, except that no associate shall earn annual or sick leave while serving on restricted appointment or while using leave from an agency leave pool as defined in Rule 11.34. The earning of such leave is based on the equivalent of years of full-time State service and shall be creditable at the end of each calendar month or at the end of each regular pay period based on graduated rates per hour. Accrued unused annual and sick leave earned by an associate shall be carried forward to succeeding calendar years. Upon separation from the Authority, an associate is paid the value of his accrued annual leave in a lump sum up to a maximum of 300 hours disregarding any final fraction of an hour; provided the privileges of this rule shall not extend to any associate who is dismissed for theft of Authority funds or property. Upon separation from the Authority, an associate is not compensated for sick leave

continued

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements
September 30, 2010

**Note 1 - Organization and Summary of Significant Accounting Policies
(Continued)**

N. Restricted Net Assets

Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

P. Prior Period Adjustments

A prior period adjustment of (\$ 998,803) was recorded. The original entry was recorded as a result of an understanding that HUD would provide grant funds for DHAP, based on FEMA numbers as to how many people needed to be housed. FEMA overstated the number, and as such, intends to recoup the funds, thus setting up a payable due to HUD. This adjustment does not affect current year earnings, but instead is an adjustment to the prior year's ending, and thus the current year's beginning, net asset totals.

Net Assets As Reported: 09/30/09	\$ 39,087,632
Prior Period Adjustment (Correction of an Error)	<u>(\$ 998,803)</u>
Net Assets Re-stated	<u>\$ 38,088,829</u>

continued

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

Note 2 - Deposits and Investments

The Authority's investments are limited to those allowed by state statute. At September 30, 2010, the Authority's investments consisted of certificates of deposit.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2010, \$15,063,339 of the Authority's bank balances \$19,268,443 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging

Banks' trust department not in the

Authority's name

\$15,063,339

Although the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon request.

Under state law, the Authority's demand deposits are required to be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC), and pledged securities. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counter-party, the Authority will not be able to recover the value of its investments or collateral securities are in the possession of an outside party. The Authority does maintain investment accounts at a financial institution.

Interest Rate Risk: The Authority's policy does not address interest rate risk.

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

Note 3 - Accounts Receivable

The accounts receivable at September 30, 2010 are as follows:

Class of Receivable	General	Section 8	Management	Total
Local sources:				
Tenants	\$ 21,178	\$ -	\$ 14,657	\$ 35,835
AVR-Ins.miscellaneous	8,278	-	532,090	540,368
AVR-PHA projects	187,343	-	-	187,343
Federal sources:				
Other Government:	-	-	7,622	7,622
Due from HUD	-	19,891	-	19,891
	<u>\$ 216,799</u>	<u>\$ 19,891</u>	<u>\$ 554,369</u>	<u>\$ 791,059</u>

The accounts receivable – other consists of balances due from other entities the Authority manages and consists of balances due from other entities that are commercial property tenants. The Authority expects to collect those balances in full. Included in tenants accounts receivable are repayment agreements for fraudulently reporting incorrect income amounts for past rental calculations.

Note 4 – Prepaid Items

Prepaid items as of September 30, 2010 consisted of prepaid insurance of \$428,740.

Note 5 – Capital Assets Changes in capital assets and accumulated depreciation during the current year are as follows:

	9/30/2009			9/30/2010	
	Cost	Additions	Dispositions	Cost	
Land	\$ 875,529	\$ 209,509	\$ -	\$ 1,085,038	
Building and Improvements	44,158,279	2,418,557	-	46,576,836	
Furniture, equipment, and machinery	1,551,764	223,592	-	1,775,356	
	<u>\$ 46,585,572</u>	<u>\$ 2,851,658</u>	<u>\$ -</u>	<u>49,437,230</u>	
Accumulated depreciation:					
Balance 09/30/09				31,518,056	
Current year depreciation				1,536,726	
Current year dispositions				-	
Balance 09/30/09				<u>33,054,782</u>	
Capital assets, net of accumulated depreciation				<u>\$ 16,382,448</u>	

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

Note 6 – Inter-fund Receivables/Payables

The following schedule reports receivables and payables within the reporting entity at September 30, 2010:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General		
Housing Choice Vouchers	\$ -	\$ 7,057
Management	-	-
	<u>-</u>	<u>7,057</u>
Section 8		
Disaster Housing	444,253	-
Fungibility	19,640	-
14.IKE	-	434,399
Housing Choice Vouchers	-	31,802
Moderate Rehab	119	-
Management	525,115	-
	<u>989,127</u>	<u>466,201</u>
Management		
Housing Choice Vouchers	9,246	525,115
	<u>9,246</u>	<u>525,115</u>
Totals	<u>\$ 998,373</u>	<u>\$ 998,373</u>

Note 7 - Accounts Payable

The accounts payable at September 30, 2010 are as follows:

Class of Payable	General	Section 8	Management	Total
Vendors	\$ 175,873	\$ 8,554	\$ 1,607	\$ 186,034
Other Liabilities	122,592	-	6,160	128,752
Deferred Revenues	-	314,142	-	\$ 314,142
	<u>\$ 298,465</u>	<u>\$ 322,696</u>	<u>\$ 7,767</u>	<u>\$ 628,928</u>

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

Note 8 – General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended September 30, 2010, which consisted of, compensated absences:

Balance, beginning	\$ 182,663
Net Changes	5,321
Balance, ending	<u>\$ 187,984</u>
 Amounts due in one year	 <u>\$ 18,799</u>

In the past the liability has been liquidated by the general fund.

Note 9 – Retirement Plan

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Authority provides pension benefits for all of its full-time employees. All regular and full time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. The Board of Commissioners of the Authority determines plan provisions and changes to plan contributions.

Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

Under the plan, the Authority contributes 8.5% of the employee's basic (excludes overtime) monthly salary to the plan with the provision that the employee is required to contribute a minimum of 6%. The Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Authority. Normal retirement date shall be the first day of the month following the employee's 65th birthday.

The Authority's total payroll for the year ended September 30, 2010 was \$1,776,036. The Authority's contributions were calculated using the base salary amount of \$1,543,975. The Authority made the required contributions of \$131,238 for the year ended September 30, 2010.

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

Note 10 - Contingencies and Commitments

Litigation At September 30, 2010, the Authority was involved in a variety of litigation. It is the opinion of the legal advisor of the Authority that this litigation would not have a material effect on the financial statements and that any potential liability would be covered by insurance.

Grant Disallowances In the normal course of operations, the Authority receives grant funds from federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management of the Authority believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Construction Projects There are construction projects in progress at September 30, 2010, which include modernizing rental units. HUD funds these projects. Funds are requested periodically as the cost is incurred.

Note 11 – Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12 - Management Agreement

The Authority entered into a management agreement with Chateau du Lac Limited Partnership on November 24, 1981 whereby the Authority will have the duty of maintaining, servicing, repairing, promoting, publicizing, operating, and managing an apartment complex owned by Chateau du Lac Limited Partnership. The agreement calls for a management fee, from occupancy date, of 4 1/2% of gross rental income. Management fee income for the year ended September 30, 2010 was \$ 56,213.

continued

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to Basic Financial Statements

September 30, 2010

Note 12 - Management Agreement (Continued)

In July 2001 the Authority received approval from the United States Department of Housing and Urban Development (HUD) to become the management agent of a second property. The Authority will have the duty of maintaining, servicing, repairing, promoting, publicizing, operating, and managing a housing complex owned by Willow Manor, Inc. The management fee set forth and approved by HUD, is 8.9% of residential income collected. Management fee income for the year ended September 30, 2010 was \$ 7,819.

Note 13 – Economic Dependence and Current Vulnerability Due to Certain Concentrations

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$10,802,949 to the Authority, which represents approximately 83% of the Authority's total revenue for the year.

The Authority's operations are concentrated in the public housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay the related cost, including additional administrative burden, to comply with a change.

Note 14 – Financing of Note Receivable

In 2009 The Authority financed a non-cash sale of property it made to the Villages of Lake Charles Development, L.P. II with two non-recourse promissory notes. These notes total \$ 2,000,000 and are due and payable at the earlier of: the closing and funding of a \$ 2,000,000 non-recourse permanent loan from Alliant Capital, LLC; or permanent financing provided by the Lake Charles Housing Authority; or December 31, 2011.

SUPPLEMENTARY INFORMATION

Statement & Certification of Actual Modernization Cost

Financial Data Schedule

Housing Authority of The City of Lake Charles
Statement and Certification of Actual Modernization Cost
Annual Contribution Contract

September 30, 2010

1. The Actual Modernization Costs are as follows:

	<u>(2004) Capital Fund</u>	<u>(2005) Capital Fund</u>	<u>(2006) Capital Fund</u>
Funds approved	\$ 1,424,175	\$ 1,398,952	\$ 1,389,170
Funds expended	<u>\$ 1,424,175</u>	<u>\$ 1,398,952</u>	<u>\$ 1,389,170</u>
Excess of funds approved	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds advanced	\$ 1,424,175	\$ 1,398,952	\$ 1,389,170
Funds expended	<u>\$ 1,424,175</u>	<u>\$ 1,398,952</u>	<u>\$ 1,389,170</u>
Excess of funds advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

2. The distribution of costs by project as shown on the Final Statements of Modernization Costs accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

FINANCIAL DATA SCHEDULE
For the Year Ended September 30, 2010

Account Description	Business Activities	Shelter Plus Care	Low Rent Public Housing	14.IKE DHAP
Cash-Unrestricted	\$808,837	\$0	\$1,813,115	\$325,279
Cash-restricted-modernization & develop	\$0	\$0	\$0	\$0
Cash-other restricted	\$295,498	\$0	\$0	\$0
Cash-Tenant Security Deposits	<u>\$0</u>	<u>\$0</u>	<u>\$139,570</u>	<u>\$0</u>
Total Cash	\$1,104,335	\$0	\$1,952,685	\$325,279
Accounts Receivable-PHA Projects	\$0	\$0	\$187,343	\$0
Accounts Receivable-HUD Other Projects	\$7,622	\$0	\$0	\$0
Accounts Receivable-Miscellaneous	\$532,090	\$0	\$8,278	\$0
Accounts Receivable-Tenants-Dwell Rents	\$29,315	\$0	\$21,178	\$0
Fraud Recovery	\$0	\$0	\$0	\$0
Allowance for Doubtful Accounts-Tenants	\$(14,658)	\$0	\$0	\$0
Accrued Interest Receivable	<u>\$142</u>	<u>\$0</u>	<u>\$8,289</u>	<u>\$2,853</u>
Total Receivables, net of allowance	\$554,511	\$0	\$225,088	\$2,853
Investments-Unrestricted	\$116,706	\$0	\$1,413,377	\$1,019,462
Investments-Restricted	\$0	\$0	\$0	\$0
Prepaid Expenses and Other Assets	\$27,445	\$0	\$377,596	\$6,231
Inventories	\$0	\$0	\$36,649	\$0
Inter-program Due From	<u>\$9,246</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Current Assets	\$1,287,128	\$0	\$4,005,395	\$1,353,825
Land	\$144,475	\$0	\$940,563	\$0
Buildings	\$615,286	\$0	\$45,595,897	\$0
Furniture, Equipment & Machinery-Dwell	\$8,000	\$0	\$965,216	\$0
Furniture, Equipment & Machinery-Admin	\$9,291	\$0	\$714,060	\$0
Leasehold Improvements	\$323,049	\$0	\$42,604	\$0
Accumulated Depreciation	<u>(\$421,296)</u>	<u>\$0</u>	<u>(\$32,563,206)</u>	<u>\$0</u>
Total Fixed Assets, Net of Acc. Deprec.	\$678,805	\$0	\$15,695,134	\$0
Notes, Loans & Mortgages Receivable	<u>\$2,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Assets	\$4,491,048	\$0	\$19,700,529	\$1,353,825
Accounts Payable<=90 days	\$1,607	\$0	\$175,873	\$0
Accrued Comp. Absences - Current	\$0	\$0	\$15,250	\$ 803
Accounts Payable-HUD PHA Programs	\$0	\$0	\$0	\$0
Accounts Payable-Other Government	\$6,160	\$0	\$122,592	\$0
Tenant Security Deposits	\$0	\$0	\$139,570	\$0
Other Current Liabilities	\$0	\$0	\$11,556	\$0
Inter-program Due To	<u>\$525,115</u>	<u>\$0</u>	<u>\$7,057</u>	<u>\$434,399</u>
Total Current Liabilities	\$532,882	\$0	\$460,342	\$435,202
Accrued Comp. Absences-Non Current	<u>\$0</u>	<u>\$0</u>	<u>\$137,243</u>	<u>\$7,227</u>
Total Noncurrent Liabilities	\$0	\$0	\$137,243	\$7,227
Total Liabilities	\$532,882	\$0	\$597,585	\$442,429
Invested In Capital Assets	\$678,805	\$0	\$15,695,134	\$0
Restricted Net Assets	\$0	\$0	\$0	\$0
Unrestricted Net Assets	<u>\$3,279,361</u>	<u>\$0</u>	<u>\$ 3,407,810</u>	<u>\$911,396</u>
Total Equity/Net Assets	<u>\$3,958,166</u>	<u>\$0</u>	<u>\$19,102,944</u>	<u>\$911,396</u>
Total Liabilities and Equity/Net Assets	\$4,491,048	\$0	\$19,700,529	\$1,353,825

14.856	Housing	Disaster	Disaster	Activity-		
Mod Rehab	Choice	Voucher	Housing	Sect.901	Program	
MR0002/MR0003	Vouchers	Program	Assist	Emer.Supp.		Total
\$81,266	\$997,726	\$0	\$280,570	\$2,555,500	\$0	\$8,193,256
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$1,330,963	\$0	\$0	\$0	\$0	\$1,626,461
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$139,570</u>
\$81,266	\$2,328,689	\$0	\$280,570	\$2,555,500	\$0	\$9,959,287
\$0	\$0	\$0	\$0	\$0	\$0	\$187,343
\$19,891	\$0	\$0	\$0	\$0	\$0	\$19,891
\$0	\$0	\$0	\$0	\$0	\$0	\$7,622
\$0	\$0	\$0	\$0	\$0	\$0	\$540,368
\$0	\$0	\$0	\$0	\$0	\$0	\$50,493
\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>\$0</u>	<u>\$215</u>	<u>\$6,311</u>	<u>\$0</u>	<u>\$13,893</u>	<u>\$0</u>	<u>\$31,703</u>
\$19,891	\$215	\$6,311	\$0	\$13,893	\$0	\$822,762
\$0	\$0	\$0	\$0	\$6,057,023	\$0	\$8,606,568
\$0	\$180,244	\$1,518,699	\$0	\$0	\$0	\$1,698,943
\$2,185	\$15,283	\$0	\$0	\$0	\$0	\$428,740
\$0	\$0	\$0	\$0	\$0	\$0	\$36,649
\$119	<u>\$0</u>	<u>\$540,911</u>	<u>\$428,457</u>	<u>\$19,640</u>	<u>\$0</u>	<u>\$998,373</u>
\$103,461	\$2,524,431	\$2,065,921	\$709,027	\$8,646,056	\$0	\$22,656,211
\$0	\$0	\$0	\$0	\$0	\$0	\$1,085,038
\$0	\$0	\$0	\$0	\$0	\$0	\$46,211,183
\$0	\$0	\$0	\$0	\$0	\$0	\$973,216
\$0	\$78,789	\$0	\$0	\$0	\$0	\$802,140
\$0	\$0	\$0	\$0	\$0	\$0	\$365,653
\$0	(\$70,280)	<u>\$0</u>	\$0	\$0	\$0	<u>(\$33,054,782)</u>
<u>\$0</u>	<u>\$8,509</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 16,382,448</u>
\$103,461	\$2,532,940	\$2,065,921	\$709,027	\$8,646,056	\$0	\$ 39,602,807
\$0	\$8,554	\$0	\$0	\$0	\$0	\$186,034
\$0	\$0	\$0	\$0	\$0	\$0	\$18,799
\$139	\$2,607	\$0	\$0	\$0	\$0	\$128,752
\$0	\$0	\$0	\$0	\$0	\$0	\$314,142
\$0	\$0	\$0	\$0	\$0	\$0	\$998,373
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$139,570</u>
\$139	\$11,161	\$0	\$0	\$0	\$0	\$1,785,670
<u>\$1,254</u>	<u>\$23,461</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$169,185</u>
\$1,254	\$23,461	\$0	\$0	\$0	\$0	\$169,185
\$1,393	\$380,566	\$0	\$20,078	\$0	\$0	\$1,954,855
\$0	\$8,509	\$0	\$0	\$0	\$0	\$16,382,448
\$0	\$1,511,207	\$2,065,921	\$0	\$0	\$0	\$3,577,128
<u>\$102,068</u>	<u>\$632,658</u>	<u>\$0</u>	<u>\$709,027</u>	<u>\$8,646,056</u>	<u>\$0</u>	<u>\$17,688,376</u>
<u>\$102,068</u>	<u>\$2,152,374</u>	<u>\$2,065,921</u>	<u>\$709,027</u>	<u>\$8,646,056</u>	<u>\$0</u>	<u>\$37,647,952</u>
\$103,461	\$2,532,940	\$2,065,921	\$709,027	\$8,646,056	\$0	\$39,602,807

Account Description	Business Activities	Shelter Plus Care	Low Rent Public Housing	14.IKE DHAP
Dwelling & Office Rental	\$268,168	\$0	\$1,648,236	\$0
Other Revenue	<u>\$64,032</u>	<u>\$0</u>	<u>\$26,193</u>	<u>\$235</u>
Total Operating Revenues	\$332,200	\$0	\$1,674,429	\$235
HUD PHA Operating Grants	\$0	\$61,452	\$2,700,418	\$89,202
Capital Grants	\$0	\$0	\$2,237,552	\$0
Investment Income-Unrestricted	\$1,166	\$0	\$37,249	\$14,708
Gain/Loss on Sale of Fixed Assets	\$0	\$0	\$367	\$0
Investment Income-Restricted	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Revenue	\$333,366	\$61,452	\$6,650,015	\$104,145
Administrative Salaries	\$0	\$2,166	\$659,837	\$108,374
Auditing Fees	\$1,000	\$0	\$19,846	\$3,400
Employee Benefit Contributions-Admin	\$0	\$0	\$191,232	\$45,293
Other Operating-Administrative	\$18,962	\$2,386	\$424,829	\$31,601
Tenant Services-Salaries	\$0	\$0	\$44,317	\$0
Legal Expenses	\$3,050	\$0	\$39,059	\$450
Travel & Relocation	\$11,160	\$0	\$21,938	\$0
Employee Benefit Contrib.-Tenant Svcs.	\$0	\$0	\$15,895	\$0
Tenant Services-Other	\$0	\$0	\$23,098	\$0
Water	\$789	\$0	\$245,350	\$0
Electricity	\$3,940	\$0	\$94,114	\$0
Gas	\$1,749	\$0	\$44,814	\$0
Ordinary Maint and Operations-Labor	\$0	\$0	\$652,173	\$0
Ordinary Maint and Operations-Materials	\$48,580	\$0	\$354,613	\$159
Ordinary Maint and Operations-C. Costs	\$80,535	\$0	\$295,033	\$2,144
Employee Benefit Contribution-Ord Maint	\$0	\$0	\$218,505	\$0
Protective Services-Other Contract Costs	\$42,900	\$0	\$91,530	\$0
Property Insurance	\$45,303	\$0	\$624,957	\$2,866
Liability & Work Comp Insurance	\$4,885	\$0	\$86,557	\$3,365
All Other Insurance	\$2,447	\$0	\$0	\$0
Payments in Lieu of Taxes	\$6,160	\$0	\$122,481	\$0
Bad Debt-Tenant Rents	<u>\$14,318</u>	<u>\$0</u>	<u>\$40,138</u>	<u>\$0</u>
Total Operating Expenses	\$285,778	\$4,552	\$4,347,071	\$197,652
Excess Operating Rev over Operate Exp	\$47,588	\$56,900	\$2,302,944	(\$93,507)
Casualty Losses-Non-Capitalized	\$0	\$0	\$1,560	\$0
Housing Assistance Payments	\$0	\$56,900	\$0	\$129,592
Depreciation Expense	<u>\$23,726</u>	<u>\$0</u>	<u>\$1,507,348</u>	<u>\$0</u>
Total Expenses	\$309,504	\$61,452	\$5,855,979	\$327,244
Operating Transfers In	\$0	\$0	\$ 326,019	\$0
Operating Transfers Out	\$0	\$0	(\$ 326,019)	\$0
Transfers between Program and Proj	<u>\$0</u>	<u>\$0</u>	<u>\$ 580,475</u>	<u>\$0</u>
Total Other Financing Sources (Uses)	\$0	\$0	\$ 580,475	\$0
Excess-Defic- Operating Rev Over/Under	\$23,862	\$0	\$1,658,182	(\$231,328)
Beginning Equity	\$3,934,304	\$0	\$17,434,762	\$0
Prior Period Adjustments, Equity Transfers	\$0	\$0	\$0	\$1,142,724
Unit Months Available			9,996	422
Number of Unit Months Leased			9,688	422

Moderate Rehabilitation MR0002/MR0003	Housing Choice Vouchers	Disaster Voucher Program	Disaster Housing Assist. Grant	Fed-Activity Sect. 901 Emerg.Supp.	Program	Total
\$0	\$0	\$0	\$0	\$0	\$0	\$1,916,404
<u>\$350</u>	<u>\$6,092</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$96,902</u>
\$350	\$6,092	\$0	\$0	\$0	\$0	\$2,013,306
\$433,545	\$5,197,048	\$0	\$83,732	\$0	\$0	\$8,565,397
\$0	\$0	\$0	\$0	\$0	\$0	\$2,237,552
\$413	\$3,730	\$0	\$1,209	\$38,821	\$0	\$97,296
\$0	\$0	\$0	\$0	\$0	\$0	\$367
\$0	<u>\$9,341</u>	<u>\$17,128</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$26,469</u>
\$434,308	\$5,216,211	\$17,128	\$84,941	\$38,821	\$0	\$12,940,387
\$9,818	\$191,103	\$0	\$55,582	\$0	\$0	\$1,026,880
\$0	\$2,504	\$0	\$1,460	\$0	\$0	\$28,210
\$4,416	\$87,211	\$0	\$22,408	\$0	\$0	\$350,560
\$5,895	\$73,415	\$0	\$21,385	\$6,858	\$0	\$585,331
\$0	\$20,531	\$0	\$0	\$0	\$0	\$64,848
\$0	\$0	\$0	\$0	\$0	\$0	\$42,559
\$427	\$9,913	\$0	\$0	\$0	\$0	\$43,438
\$0	\$7,773	\$0	\$0	\$0	\$0	\$23,668
\$0	\$0	\$0	\$0	\$0	\$0	\$23,098
\$221	\$568	\$0	\$0	\$0	\$0	\$246,928
\$413	\$22,262	\$0	\$0	\$0	\$0	\$120,729
\$17	\$169	\$0	\$0	\$0	\$0	\$46,749
\$0	\$0	\$0	\$0	\$0	\$0	\$652,173
\$0	\$2,242	\$0	\$0	\$0	\$0	\$405,594
\$2,700	\$79,045	\$0	\$3,082	\$20,221	\$0	\$482,760
\$0	\$0	\$0	\$0	\$0	\$0	\$218,505
\$0	\$0	\$0	\$0	\$14,253	\$0	\$148,683
\$2,136	\$13,665	\$0	\$1,885	\$0	\$0	\$690,812
\$1,447	\$5,846	\$0	\$0	\$0	\$0	\$48,826
\$384	\$8,144	\$0	\$2,213	\$0	\$0	\$64,015
\$101	\$0	\$0	\$0	\$0	\$0	\$39,303
\$0	\$8,412	\$0	\$40	\$0	\$0	\$8,452
\$0	\$0	\$0	\$0	\$0	\$0	\$128,641
\$0	\$0	\$0	\$0	\$0	\$0	\$54,456
\$27,975	\$532,803	\$0	\$108,055	\$41,332	\$0	\$5,545,218
\$0	\$4,683,408	\$17,128	(\$ 23,114)	(\$2,511)	\$0	\$6,988,836
\$0	\$0	\$0	\$0	\$0	\$0	\$1,580
\$384,003	\$5,726,037	\$0	\$1,229	\$0	\$0	\$6,297,761
<u>\$0</u>	<u>\$5,652</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,536,726</u>
\$411,978	\$6,264,492	\$0	\$109,284	\$41,332	\$0	\$ 13,381,265
\$0	\$0	\$0	\$0	\$0	\$0	\$ 326,019
\$0	\$0	\$0	\$0	\$0	\$0	(\$ 326,019)
\$0	\$0	\$2,048,793	\$0	\$1,693,000	\$0	\$ 4,322,268
<u>\$0</u>	<u>(\$3,741,793)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$ 580,475)</u>	<u>\$0</u>	<u>(\$ 4,322,268)</u>
\$0	(\$3,741,793)	\$2,048,793	\$0	\$ 1,112,525	\$0	\$0
\$6,281	(\$5,059,154)	\$2,065,921	(\$24,655)	\$1,110,013	\$0	(\$440,877)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$95,787	\$7,570,030	\$0	\$2,516,707	\$7,536,042	\$0	\$39,087,632
\$0	(\$358,502)	\$0	(\$1,783,025)	\$0	\$0	(\$998,803)
360	19,863	-	4,194	-	-	28,041
350	11,368	-	4,194	-	-	19,500

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2010

Federal Grantor/Pass-through Grantor/Program Name	CFDA Number	Grant Number	Grants	
			Receipts	Expenditures
Department of HUD				
PHA Owned Housing	14.850	FW1132	4,324,979	\$ 4,324,979
ARRA Capital Grant Recovery	14.885	LA-48500460109	612,991	612,991
DHAP-ICE	14.11E		89,202	89,202
Section 8 Moderate Rehabilitation	14.856	FW2074	433,545	433,545
Disaster Housing Assist. Grant	97.109		83,732	83,732
Shelter Plus Care Renewal	14.238	LA-48c40-1001	61,452	61,452
Section 8 Housing Choice Vouchers	14.871	FWZZ28V	5,197,048	5,197,048
				<u>\$ 10,802,949</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Notes to the Schedule of Federal Financial Assistance

For the Year Ended September 30, 2010

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of all federal awards programs of the Housing Authority of The City of Lake Charles (the Authority). The Authority's reporting entity is defined in Note 1 of the notes to the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority's basic financial statements.

Note 3 – Relationship to Basic Financial Statements

Federal awards revenues are reported in the Authority's basic financial statements as follows:

<u>Federal Sources</u>	<u>Amount</u>
General	\$ 4,937,970
Section 8	<u>5,864,979</u>
	<u>\$ 10,802,949</u>

Note 4 – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners
Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

I have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of The City of Lake Charles as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated March 11, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority of The City of Lake Charles' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of The City of Lake Charles' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of The City of Lake Charles' internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of The City of Lake Charles' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

William V. Trimm

Lake Charles, Louisiana
March 11, 2011

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Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Commissioners
Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

Compliance

I have audited the compliance of the Housing Authority of The City of Lake Charles with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. The Housing Authority of The City of Lake Charles' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of The City of Lake Charles' management. My responsibility is to express an opinion on the Housing Authority of The City of Lake Charles' compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of The City of Lake Charles' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Housing Authority of The City of Lake Charles' compliance with those requirements.

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In my opinion, the Housing Authority of The City of Lake Charles, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

The management of the Housing Authority of The City of Lake Charles is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Housing Authority of The City of Lake Charles' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of The City of Lake Charles's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board, management, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

William V. Trimm, CPA

Lake Charles, Louisiana
March 11, 2011

Housing Authority of The City of Lake Charles

Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2010

A. SUMMARY OF AUDITORS' RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Housing Authority of The City of Lake Charles.
2. There were no significant deficiencies required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
3. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statement.
4. There were no significant deficiencies in internal control over major federal award programs to be reported in the report on compliance with requirements applicable to each major program or on internal control over compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Housing Authority of The City of Lake Charles expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major program included:
 - a. Lower Income Housing Assistance Program – CFDA 14.856
 - b. Section 8 Housing Choice Voucher Program – CFDA 14.871
 - c. PHA Owned – Low Rent Public Housing– CFDA 14.850
 - d. Public Housing Capital Fund Program – CFDA 14.872
 - e. Disaster Housing Assistance Grant - CFDA 97.109
 - f. 2009 ARRA CFP-Capital Grant Recovery – CFDA 14.885
8. The threshold for distinguishing Types A and B programs was \$ 324,088.
9. The Housing Authority of The City of Lake Charles was determined to be a low-risk auditee.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

There were no findings or questioned costs found in the (40) tenant files reviewed for the audit period ended September 30, 2010.

Housing Authority of The City of Lake Charles
Lake Charles, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2010

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

There were no findings or questioned costs found in the files reviewed for the audit period ended September 30, 2009.